

AMENDED IN ASSEMBLY MAY 13, 2003

AMENDED IN ASSEMBLY MAY 5, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1390

Introduced by Assembly Member Ridley-Thomas
(Coauthors: Assembly Members *Cogdill*, *Dymally*, *Hancock*,
***Lieber*, *Maze*, *Nation*, and *Pavley*)**
(Coauthor: Senator Soto)

February 21, 2003

An act to add and repeal Sections 17052.11 and 23611 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1390, as amended, Ridley-Thomas. Income tax credits: fuel efficient vehicles.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would authorize a credit against those taxes for each taxable year beginning on or after January 1, ~~2003~~, *2004*, and before January 1, 2008, in an amount equal to 20%, but not to exceed \$2,000, of the amount paid or incurred during the taxable year for the purchase of a *new* fuel efficient vehicle. This bill would define a fuel efficient vehicle as a vehicle that *is either an alternative fuel vehicle, or a vehicle that achieves a fuel efficiency that is 35% greater than the average miles per gallon fuel economy established for vehicles of the same classification as that vehicle.*

This bill would require the credit to be reduced by the amount of any grants, rebates, or credits issued by the State Air Resources Board, or any other state or local agency, as an incentive to purchase a fuel efficient vehicle.

This bill would provide that the credits authorized by this bill will not be allowable until a taxable year that includes, in whole or in part, the first fiscal year following the enactment of this bill for which the Director of Finance makes a certified finding that the revenues for that fiscal year will equal or exceed the expenditures for that fiscal year.

This bill would take effect immediately as a tax levy, *but its operative date would be January 1, 2004.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17052.11 is added to the Revenue and
2 Taxation Code, to read:
3 17052.11. (a) Subject to subdivision (b), for each taxable
4 year beginning on or after January 1, ~~2003~~, 2004, and before
5 January 1, 2008, there shall be allowed as a credit against the “net
6 tax,” as defined in Section 17039, an amount equal to 20 percent,
7 not to exceed two thousand dollars (\$2,000), of the amount paid
8 or incurred during the taxable year for the purchase of a new fuel
9 efficient vehicle.
10 (b) (1) The credit authorized by this section shall be allowable
11 for a taxable year described in subdivision (a) only if that taxable
12 year includes, in whole or in part, or follows the first fiscal year,
13 beginning after the operative date of this section, for which the
14 Director of Finance makes a certified finding that projected state
15 revenues for that fiscal year will equal or exceed projected state
16 expenditures for that fiscal year.
17 (2) The certified finding required by paragraph (1) shall be
18 submitted to the Legislature and the Governor no later than June 15
19 of the fiscal year prior to the fiscal year for which the certified
20 finding is made.
21 (3) The Director of Finance, in making the finding required by
22 paragraph (1), shall consider all relevant economic indicators
23 including, but not limited to, the following:



1 (A) The most recent budgetary revenue forecast prepared by
2 the Department of Finance for the current fiscal year.

3 (B) The most recent budgetary revenue forecast prepared by
4 the Department of Finance for the next fiscal year.

5 (C) All outstanding disbursements that are scheduled to be
6 made during the current fiscal year.

7 (D) Anticipated budgetary adjustments that are required to be
8 made during the current fiscal year.

9 (E) Interfund loans and fund shifting transfers that are to be
10 made for both the current fiscal year and the next fiscal year.

11 (F) Data from the May budget revision.

12 (G) The actual cash receipts for the current fiscal year.

13 (H) The actual tax receipts collected by the Franchise Tax
14 Board through the month of April of the current fiscal year.

15 (I) The projected revenue losses for the next fiscal year that
16 would be attributable to the credit authorized by this section.

17 (4) The Controller shall provide the Director of Finance with
18 any information available to the Controller that is requested by the
19 Director of Finance for purposes of making the determination
20 required by paragraph (1).

21 (c) For purposes of this section:

22 (1) "CALCARS" means the California Light Duty Vehicle
23 Conventional and Alternative Fuel Response Simulator
24 maintained by the California Energy Commission.

25 (2) "Fuel efficient vehicle" means *a new vehicle, as described*
26 *in Section 430 of the Vehicle Code, that qualifies as either of the*
27 *following:*

28 (A) *An alternative fuel vehicle as defined in paragraph (1) of*
29 *subdivision (a) of Section 2580 of the Streets and Highways Code.*

30 (B) A qualified vehicle that achieves a combined miles per
31 gallon economy that is at least 35 percent greater than the average
32 miles per gallon fuel economy achieved by *the 2003 models of new*
33 *vehicles in the same CALCARS vehicle class as the qualified*
34 *vehicle. "Fuel efficient vehicle" does not include any vehicle with*
35 *a combined miles per gallon fuel economy of less than 21 miles per*
36 *gallon. The average combined miles per gallon fuel economy for*
37 *each CALCARS vehicle class shall be calculated annually by the*
38 *California Energy Commission.*

39 (3) "Combined miles per gallon fuel economy" for a qualified
40 vehicle shall be based on the miles per gallon estimates calculated

1 by CALCARS and shall be calculated using a formula that
2 allocates 55 percent as city miles per gallon and the remaining 45
3 percent as highway miles per gallon.

4 (4) “Qualified vehicle” means any vehicle that is evaluated by
5 the California Energy Commission under the CALCARS
6 program.

7 (d) *In order to be eligible for the credit authorized by this*
8 *section, a fuel efficient vehicle must be continuously registered in*
9 *this state, from the date of purchase until the last day of the taxable*
10 *year for which this credit is claimed, to the taxpayer claiming the*
11 *credit authorized by this section.*

12 (e) *The credit authorized by this section shall be reduced, but*
13 *not below zero, by the amount of any grant, rebate, or credit issued*
14 *to the taxpayer by the State Air Resources Board, or any other state*
15 *or local agency, as an incentive for the purchase of a new fuel*
16 *efficient vehicle as defined in paragraph (2) of subdivision (c).*

17 (f) *In the case where the credit allowed by this section exceeds*
18 *the “net tax,” the excess may be carried over to reduce the “net*
19 *tax” in the following year, and succeeding years if necessary, until*
20 *the credit is exhausted. tax” for the next year and the five*
21 *succeeding years, or until the credit has been exhausted,*
22 *whichever occurs first.*

23 ~~(e)~~

24 (g) This section shall remain in effect only until January 1,
25 2009, and as of that date is repealed.

26 SEC. 2. Section 23611 is added to the Revenue and Taxation
27 Code, to read:

28 23611. (a) Subject to subdivision (b), for each taxable year
29 beginning on or after January 1, ~~2003~~, 2004, and before January
30 1, 2008, there shall be allowed as a credit against the “tax,” as
31 defined in Section 23036, an amount equal to 20 percent, not to
32 exceed two thousand dollars (\$2,000), of the amount paid or
33 incurred during the taxable year for the purchase of a new fuel
34 efficient vehicle.

35 (b) (1) The credit authorized by this section shall be allowable
36 for a taxable year described in subdivision (a) only if that taxable
37 year includes, in whole or in part, or follows the first fiscal year,
38 beginning after the operative date of this section, for which the
39 Director of Finance makes a certified finding that projected state

1 revenues for that fiscal year will equal or exceed projected state
2 expenditures for that fiscal year.

3 (2) The certified finding required by paragraph (1) shall be
4 submitted to the Legislature and the Governor no later than June 15
5 of the fiscal year prior to the fiscal year for which the certified
6 finding is made.

7 (3) The Director of Finance, in making the finding required by
8 paragraph (1), shall consider all relevant economic indicators
9 including, but not limited to, the following:

10 (A) The most recent budgetary revenue forecast prepared by
11 the Department of Finance for the current fiscal year.

12 (B) The most recent budgetary revenue forecast prepared by
13 the Department of Finance for the next fiscal year.

14 (C) All outstanding disbursements that are scheduled to be
15 made during the current fiscal year.

16 (D) Anticipated budgetary adjustments that are required to be
17 made during the current fiscal year.

18 (E) Interfund loans and fund shifting transfers that are to be
19 made for both the current fiscal year and the next fiscal year.

20 (F) Data from the May budget revision.

21 (G) The actual cash receipts for the current fiscal year.

22 (H) The actual tax receipts collected by the Franchise Tax
23 Board through the month of April of the current fiscal year.

24 (I) The projected revenue losses for the next fiscal year that
25 would be attributable to the credit authorized by this section.

26 (4) The Controller shall provide the Director of Finance with
27 any information available to the Controller that is requested by the
28 Director of Finance for purposes of making the determination
29 required by paragraph (1).

30 (c) For purposes of this section:

31 (1) "CALCARS" means the California Light Duty Vehicle
32 Conventional and Alternative Fuel Response Simulator
33 maintained by the California Energy Commission.

34 (2) "Fuel efficient vehicle" means a *new vehicle, as described*
35 *in Section 430 of the Vehicle Code, that qualifies as either of the*
36 *following:*

37 (A) *An alternative fuel vehicle as defined in paragraph (1) of*
38 *subdivision (a) of Section 2580 of the Streets and Highway Code.*

39 (B) *A qualified vehicle that achieves a combined miles per*
40 *gallon economy that is at least 35 percent greater than the average*

1 miles per gallon fuel economy achieved by *the 2003 models of new*
2 vehicles in the same CALCARS vehicle class as the qualified
3 vehicle. "Fuel efficient vehicle" does not include any vehicle with
4 a combined miles per gallon fuel economy of less than 21 miles per
5 gallon. ~~The average combined miles per gallon fuel economy for~~
6 ~~each CALCARS vehicle class shall be calculated annually by the~~
7 ~~California Energy Commission.~~

8 (3) "Combined miles per gallon fuel economy" for a qualified
9 vehicle shall be based on the miles per gallon estimates calculated
10 by CALCARS and shall be calculated using a formula that
11 allocates 55 percent as city miles per gallon and the remaining 45
12 percent as highway miles per gallon.

13 (4) "Qualified vehicle" means any vehicle that is evaluated by
14 the California Energy Commission under the CALCARS
15 program.

16 (d) *In order to be eligible for the credit authorized by this*
17 *section, the fuel efficient vehicle must be continuously registered*
18 *in this state, from the date of purchase until the last day of the*
19 *taxable year for which this credit is claimed, to the taxpayer*
20 *claiming the credit authorized by this section.*

21 (e) *The credit authorized by this section shall be reduced, but*
22 *not below zero, by the amount of any grant, rebate, or credit issued*
23 *to the taxpayer by the State Air Resources Board, or any other state*
24 *or local agency, as an incentive for the purchase of a new fuel*
25 *efficient vehicle as defined in paragraph (2) of subdivision (c).*

26 (f) In the case where the credit allowed by this section exceeds
27 the "tax," the excess may be carried over to reduce the "tax" ~~in~~
28 ~~the following year, and succeeding years if necessary, until the~~
29 ~~credit is exhausted.~~

30 ~~(e) for the next year and the five succeeding years, or until the~~
31 ~~credit has been exhausted, whichever occurs first.~~

32 (g) This section shall remain in effect only until January 1,
33 2009, and as of that date is repealed.

34 SEC. 3. This act provides for a tax levy within the meaning of
35 Article IV of the Constitution and shall go into immediate effect.
36 *However, this act shall become operative on January 1, 2004.*